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WELCOME



Welcome to 2012, I hope that you all had an enjoyable Christmas break and that you are looking forward to the year ahead.

This year is set to be another busy one for Shared Interest Society. We have recently received full approval from Comic Relief to progress with our joint Social Investment Fund Pilot. The pilot will last for a total of six years and we hope it will bring lots of opportunity for new lending and indeed new ways of lending.

Our new office in Ghana should be up and running in the next few months as we look to secure premises and complete the recruitment for the Regional Development Officer for West Africa. Again we hope that this recruitment and the establishment of a new office will mean a further increase in our lending opportunities.

Back in the UK we are continuing to work hard to increase our membership and levels of share capital. The Shared Interest gift pack that we launched in the previous QR has so far proven to be a success and these gifts are also available for a range of events and occasions such as weddings and birthdays.

I can't believe that it is time to say this again but we are gearing up for Fairtrade Fortnight and the AGM. Ian Barney, Managing Director of Twin, will be our opening speaker this year and I look forward to seeing as many of you as possible on 16 March 2012 in Oxford.

Until then,

Patricia Alexander, Managing Director

MEMBER'S LETTER

Dear Editor,

I have been an investor with you for several years and generally enjoy reading the QR and hearing about where our investments are being spent to very useful purposes.

However I was concerned by a photograph in the most recent QR. On page 7 there is a woman from Apoq, Peru, sorting bananas. She is wearing a mask and heavy duty rubber gloves. Is this to protect her from herbicides, pesticide residue or similar which might be on the bananas? These are fair trade bananas and I would not like to think that the levels of chemicals used in their production were so high that hair and mouth masks are required.

Perhaps you can find out why she is wearing so much protective clothing.

Dear Member,

Thank you for your letter enquiring about the worker in the Apoq photograph.

I have been in contact with our Regional Development Executive in Peru and he has given me confirmation that Apoq is 100% organic. This means they can only use approved materials not only in the farms but also in the processing plant. No herbicides or pesticides are used.

The photo shows the processing stage of the banana. As the bananas are cut off from the banana bunches, the clusters produce a latex that gets dirty very easily and this is seen as a problem to potential buyers. To stop the latex production, the bananas are cauterized by a solution based upon lemon juice or approved material by the organic international standards. This is important as the head of the banana cluster usually tends to be the part that degrades during the 3-4 weeks transport to European or American markets as it is like a wound for the banana.

The lady uses a mask in order to cover her from this lemon solution or approved anti-fungus solution and also to avoid the saliva getting into the banana head. Gloves are used to protect the hands from the acidic lemon juice.

I am pleased that you read QR; it is evident from the recent members' survey that it is a valued publication.

Thank you for your comments.

OXFORD CALLING



Our Ambassadors are fundamental to the growth of our membership as they endeavour to raise awareness and investment within their local areas.

Currently our Ambassador network is predominately made up of Shared Interest members who are passionate about what we do. As announced in this issue of QR, the next Shared Interest AGM will be held in Oxford in March 2012. Sadly we don't have any Ambassadors in the Oxford area. If you feel that you could become more active in promoting Shared Interest in and around Oxford – we need your help. Becoming an Ambassador for Shared Interest does not mean giving huge amounts of time and energy. It can be as small as putting a few postcards into a local Fairtrade cafe or having a stand once a year at a Fairtrade Christmas event.

We have Ambassadors from all walks of life doing a huge variety of different activities to fit around their schedules. There is no minimum or maximum time commitment, all we ask is that Ambassadors are proactive in their approach to promoting Shared Interest and keep regular contact with our Volunteer Manager, Rachel Norman.

Photo: Volunteer Manager Rachel Norman plants trees with volunteers Kelly Ho and Charlotte Beaumont

Ambassador, Joan Stableford says:

"I have been a Shared Interest Ambassador for three years and I have thoroughly enjoyed helping to raise awareness of the organisation within the North West. I have helped out at many events and enjoy meeting up with the staff team as well as other Ambassadors and Volunteers in the area.

"I am particularly interested in global economic development and being a Shared Interest Volunteer allows me to explore this interest whilst simultaneously helping to bring in the share capital that the organisation needs."

You may already be a Shared Interest Ambassador without actually realising it. Have you ever told a friend or family member about the work that we do, or passed on a copy of QR? If so, please get in touch with the Volunteer Manager so that we can provide you with all the support you need.

We are eager to hear from anybody that is interested in promoting Shared Interest within the Oxford area, particularly those that are part of a faith group that would be willing to promote Shared Interest in their place of worship.

If becoming an Ambassador is of interest to you, contact the Volunteer Manager on 0191 233 9134 or email volunteers@shared-interest.com

UPCOMING EVENTS

Global Awareness Conference, 21 January 2012

Broadmead Baptist Church, Bristol, 10am – 3.30pm

A day to empower people to take action against global poverty and climate change. All welcome, free event including lunch and refreshments

Fairtrade Fortnight, 27 February - 11 March 2012

For local events and to find out how you can get involved please visit <http://step.fairtrade.org.uk/>

Fair Enough? The co-operative journey for fair trade, 7 March 2012

Coin Street Neighbourhood Centre, London, 10am – 4pm

Shared Interest AGM, 16 March 2012

Oxford Town Hall, St Aldate's, Oxford, 10.45am – 4pm

NEW SOCIAL INVESTMENT FUND FOR AFRICA



Many of you may remember we announced in QR77 (autumn 2010) that we had been granted funding from Comic Relief to undertake a social investment fund pilot. This six year project has now been approved and the funds received from Comic Relief.

The pilot scheme represents an exciting opportunity for Shared Interest as whilst the majority of lending will meet our current criteria, there is room for us to explore new options such as investment in south – south trade. This alternative funding stream also means that we can operate outside of our prudential limits. This will enable us to extend our reach further. In addition, to achieve maximum levels of impact we have made the decision not to lend more than \$250k (or currency equivalent) to any one producer group.

All of the funding will be used to provide term loans. These loans are offered to producer groups for the purchase of assets such as machinery, buildings or vehicles. During the last financial year we found ourselves approaching our 20% term loan limit. Whilst we will only be able to use the Comic Relief funds in Africa, this will have a positive effect on Latin America as we will have more Society funds to lend there.

Borrowing is for between one and five years and repayments are set depending upon the circumstances of the producer group. Loan sizes are determined by the financial situation of the



producer group and its ability to repay the loan.

The Comic Relief loans will be handled in much the same way as we currently operate. This includes a visit from the Regional Development Executive, the approval of the proposal and annual reviews of the account. We will however also visit the producer groups when the loan has been paid back in order to see the impact and benefit of the lending.

To ensure that we achieve the required levels of social impact we have agreed a set of outcomes with Comic Relief. Some of these outcomes are based on the businesses themselves, for example, how many women are employed, however others are much more community based. These outcomes would include things like better access to services such as schools and doctors, better and improved living standards, a secure, constant income and the ability to purchase household items including livestock. Comic Relief requires us to deliver at least one of these outcomes per proposal which will push us to achieve the maximum levels of social impact.

THIS WILL ENABLE US TO EXTEND OUR REACH FURTHER

As the pilot scheme has only recently been approved there is still a lot of work to do in implementing the project however, we are very excited by the potential for social impact and the opportunity to investigate new ways of lending that aren't currently possible. We look forward to bringing you more news once the project is up and running.

Photo: Cocoa farmer in Africa

WHAT YOU SAID

EVERY TWO YEARS WE CARRY OUT A MEMBERSHIP SURVEY AS PART OF OUR SOCIAL REPORTING AND THE PROCESS HAS PROVEN INVALUABLE.



This year we had a very good response rate of 30%. We are very conscious of the environmental impact of the survey and this year over 25% of surveys were dispatched by email. We hope that many more members will have the facility to complete the survey online in 2013.

In brief the survey highlighted the following:

- **Our members:** 60% listed their employment status as retired and 86% were between the ages of 45 and 84 years. Over 68% of respondents stated that they were Christian (including Church of England, Catholic, Protestant and all other Christian denominations).
- **Our communication:** Over 87% of the respondents were happy with the level of communication they received from us although 90% said they rarely contacted the Membership Team. In addition we received very positive feedback about QR. When asked if they thought an online facility would increase new members, 75% agreed however, only 17% of respondents said they would like to use an online account facility. Of these members 77% said they would like to access statements, 62% would like to update their details online and 63% would like to do transactions.

Photo: Shared Interest members share their views with staff at the 2011 AGM

- **Democratic involvement:** 99% of respondents stated that they had not considered serving on the Shared Interest Council. When asked if they would accept a place on Council if they were chosen by random selection 62% of respondents said 'no' but 32% indicated that they would consider it if they knew more about what the role entailed.

95% WERE 'SATISFIED' OR 'VERY SATISFIED' WITH THE USE OF THEIR INVESTMENT

- **Members' satisfaction with the utilisation of their investment:** 95% of respondents stated that they were either 'very satisfied' or 'satisfied' with the utilisation of their investment.
- **Strategic direction:** 82% of respondents stated that they would be willing for funds invested in Shared Interest to be loaned out to non-fair trade businesses that were trading ethically. There are currently no plans to pursue this in the near future; it would require much more research and we would most likely consult with membership on the full details before proceeding.

The full analysis of the survey can be found in our recently published social accounts at <http://socialaccounts.shared-interest.com>

BUILDING A FIRM FOUNDATION FOR A FAIRER WORLD

How did you get involved with the Fairtrade Foundation?

I was working for the World Development Movement when they were involved in setting up the Fairtrade Foundation and I was very supportive of the idea of taking the principle of fair trade and making it mainstream.

I initially began campaigning on behalf of the banana industry as I couldn't understand how bananas could be so cheap in our shops. I visited Costa Rica and saw for myself the terrible impact that price cuts in shops were having on the farmers in Costa Rica. I was particularly horrified by their use of pesticides that had been banned in the US and were known to negatively impact the reproductive system. As a result of using these pesticides tens of thousands of people were left sterile. I knew then that there had to be another way to run trade that put people first and not last.

From there I joined the Fairtrade Labelling Organisation (FLO) as Banana Co-ordinator and became more and more interested in the fair trade movement in general, particularly the empowerment it gave to farmers and workers. I realised that this was more than development work and I wanted to be part of driving change, which is why I jumped at the chance to join the Foundation in 2001.

What do you feel is your biggest achievement to date?

It is really hard to pick out one main achievement as everything is so interconnected, we are a grassroots social movement of individuals, faith groups, schools, universities, businesses and towns that is driving real change for over 1.5 million farmers and workers.

If I had to choose something more than the growth of the movement itself, I would have to say making Fairtrade a mainstream part of the British shop. 77% of the British public now recognise the Fairtrade Mark and last year nine out of ten people bought a Fairtrade product.

How did you hear about Shared Interest?

One of the greatest problems facing farmers and workers is the lack of access to finance and working capital; it is an issue that comes up every time I meet with a producer group. So I would say that I was aware of the need for a Shared Interest before I had actually heard of Shared Interest.

In my early years at the Foundation, I was invited to

WE SPOKE TO HARRIET LAMB, EXECUTIVE DIRECTOR OF THE FAIRTRADE FOUNDATION, ABOUT HER ROLE IN THE FAIR TRADE MOVEMENT AND HOW SHE SEES THE MOVEMENT AND, INDEED, SHARED INTEREST DEVELOPING.



speaking at the Shared Interest AGM and it was great to be able to speak about our vision for taking the fair trade movement further, but also to learn more about the fantastic work that Shared Interest had been doing and meet with your incredibly engaged members who are clearly deeply committed to fair trade.

What does it mean to you to have the Managing Director of Shared Interest, Patricia Alexander on the Fairtrade Foundation Board?

The Fairtrade Foundation was set up by six key partners; however, we soon became aware that there were many other people, aside from the founding members that were central to taking fair trade further in Britain and globally.

We decided to open up our membership and as a result, Patricia was able to stand for election and has been our Treasurer since 2008. I am thrilled that Patricia is part of our governance structure not only because of the institutional link with Shared Interest but also because Patricia is so good at what

she does and we really appreciate that; as a Board member and Treasurer she is extremely effective and supportive, particularly to our finance teams and her influence has been critical to our work.

Earlier this year Fairtrade USA (formerly Transfair USA) decided to withdraw from Fairtrade International (FLO), and to extend the scope of fair trade to include plantations and factories. Can you explain to our members the split between FLO and Fairtrade USA and what this means to producers?

I have to say that this is a matter to be progressed and I think that it really is a shame; I hope that it won't be too long until we come back together but this isn't what is happening right now. I believe that our little movement is still so small that it makes sense for us all to try to work together.

We do however, have to acknowledge that the US market is completely unique, it is vast with its own complexities and challenges. What's more, we shouldn't be surprised that the European model didn't work for them as they are so different.

I think that going forward we might need to recognise the divergent needs of different countries and markets and realise that whilst we all adhere to the global principles of fair trade, the practicalities of implementing the principles need to differ.

Ultimately the tension with the US was too great. However, we are talking to all stakeholders in the

THE FAIRTRADE FOUNDATION

Established in 1992 by CAFOD, Christian Aid, Oxfam, Traidcraft, the World Development Movement, and the National Federation of Women's Institutes, The Fairtrade Foundation is the independent charity that licenses use of the Fairtrade Mark on products in the UK. Their vision is of a world in which justice and sustainable development are at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full potential.

Shared Interest has a strong working relationship with The Fairtrade Foundation and our Managing Director, Patricia Alexander sits on their Board as Treasurer.

US. This includes the public, campaigners, NGOs and brands as well as the producers themselves, particularly those in Latin America that are dependent on the American market. We are asking these groups how they would like us to proceed and we will use their feedback to decide on our next steps; we are really listening before we decide our next move.

How do you see the fair trade movement developing?

I think the next step is to develop fair trade globally and build a fair trade market in the developing world.

We must stay innovative and we must always be looking for the next step that will take fair trade forward. We will continue to look at diversifying the range of Fairtrade products that are available, in particular, Fairtrade seafood and jute.

At the same time we have to build on our core strengths and the pioneering work of producers we already work with. We need to work out how we can tip the balance of trade in favour of these farmers and workers. I think that cocoa is a really great example of this and I am still excited by the pioneering work of Divine Chocolate and the way that by building up their producer group in Ghana they have opened the door to Fairtrade chocolate in the mainstream market.

The work of Shared Interest is absolutely critical in the development of the fair trade movement as if farmers can't access fair finance our aspirations will come to nothing. Groups can't pay their members or export their goods without access to working capital. In the current financial climate the role of Shared Interest is more important than ever, and as the fair trade movement grows so must Shared Interest to create the capacity to respond to the needs of producer groups worldwide.

Photo: Harriet visiting coffee farms in Rwanda

FOCUS ON HANDICRAFTS



SHARED INTEREST INVESTORS ARE PROVIDING THE FINANCE THAT MAKES IT POSSIBLE FOR HANDMADE PRODUCTS FROM AFRICAN VILLAGES TO BE DISTRIBUTED AND SOLD ALL OVER THE WORLD IN A WAY THAT IS FAIR AND SUSTAINABLE. HERE WE DESCRIBE THE CLOSE RELATIONSHIP BETWEEN FAIR TRADE PRODUCERS AND BUYERS.

MARVELOUS FLOTEA

We have recently approved a three year term loan for Tanzanian handicraft producers, Marvelous Flotea. The group, which produces textile products such as handbags, table cloths, napkins, cushion covers and beach bags made from various African fabrics was established in 1992 in Dar es Salaam by Flotea Masawe.

Flotea wanted to set up a company to employ herself and other women in the community, so that they could meet their household needs and also pay school fees for their children. Initially, these women started working from Flotea's sitting room while her children were in school. Despite these humble beginnings the organisation has continued to grow and now employs 40 local women.

Marvelous Flotea is currently finding it difficult to procure the raw materials needed to produce their handicrafts. In most cases, raw materials sold locally such as zips, buttons, dyes and threads are of low quality and are expensive, and this in turn increases the price and reduces the quality of the final products.

The group has managed to source an ethical supplier in China and requested funds from Shared Interest that will enable Marvelous Flotea to bulk buy these materials, using them for their own goods as well as selling the surplus locally.

Marvelous Flotea plans to pay back this loan through buyer payments from two of our other newly approved facilities, Contigo and Swahili Imports.

WE SAW THE POTENTIAL DANGER OF HANDICRAFTS BEING OVERSHADOWED BY THE GREAT SUCCESS OF FAIR TRADE COMMODITIES LIKE COFFEE

CONTIGO

Contigo Fairtrade GmbH (Contigo) is a long-established and well known buyer in the fair trade arena. It is firmly committed to the ethos of fair trade and demonstrated its support in 2009 when it agreed a EUR 20k loan to WFTO when it required assistance.

The idea for Contigo (Spanish for "with you") came from Ingo Herbst in the autumn of 1992, following his role as one of the Managing Directors of GEPA. He wanted "a new type of world shop", with a well-stocked and attractive range of handicrafts. On 1 July 1994 the first Contigo store opened in Göttingen, Germany. The organisation grew rapidly and became a member of WFTO in 2001.

Contigo sells a variety of handicraft products from jewellery and leather to traditional handicrafts. Jewellery items include gold, silver and glass and the leather goods are made of Shanti leather and modern cowhide. The traditional handicraft range is the largest and is comprised of hand-painted candles and ceramics, baskets, hammocks, silk and cotton scarves, glassware, soapstone and wooden bowls and plates. In addition to the handicrafts, Contigo now sells food items including marmalades, jams, chocolate, tea and coffee.

The organisation is incredibly committed to its social impact and in 1998 it established Contigo eV, a not for profit organisation to assist their producer partners. Funds are raised through donations and events and are used to assist the development of producer co-operatives in Latin America, Africa and Asia. This includes capacity-building training as well as tools and technical knowledge. This assistance is either offered directly or in association with other local educational organisations and charities.

We spoke to Finance Director Stefan Borchers to find out more about the organisation. He told us: "Some 15 years ago we saw the potential danger of handicrafts being overshadowed by the great successes of fair trade commodities like coffee. Whilst this is undoubtedly very good for the coffee co-operatives and tea factories and their workers, we believe that handicrafts have the potential to generate income, infrastructure, training and capacity building in rural and remote areas.

"We work with groups, craft organisations, and small companies with a sense of responsibility, entrepreneurship, quality, flexibility and reliability with the view to creating long-term relationships. Very often it happens that new partners need some support in product development, long-term planning, quality management, export know how and financials. This is where we try to help, to train and to co-develop."

He continued: "We came across Shared Interest when looking for facilities for our fair trade advance payments overseas. We started working with Shared Interest in 2003. Without Shared Interest, Contigo would not have been able to manage the growth it has maintained since 1994, we needed the finance to be able to continue to pre finance orders from organisations such as Marvelous Flotea."

FOCUS ON HANDICRAFTS



SWAHILI IMPORTS

US based Swahili Imports is just as committed to the fair trade movement as Contigo. Swahili Imports was established in 1995 when CEO Leslie Mittleberg returned to the US following a period spent living in Africa.

Leslie said: “I first got interested in designing and importing handmade products when living in Kenya many years ago. Clearly, the people making these lovely products had little access to designs, colour trends, and customers. I found the artisans very receptive to new ideas and eager to learn. When I returned to the US I found there was a market for well-made handmade products.”

Today, Swahili Imports designs and develops handcrafted products with African artisans and distributes them worldwide through wholesale orders. The company is currently working with 32 producer groups in Kenya, Uganda, Tanzania, Rwanda, Mozambique, South Africa, Ghana, Senegal, Burkina Faso, Mali and Sudan. These producer groups include Shared Interest customers, such as Monda and Marvelous Flotea.

Swahili Imports sells a wide range of East and West African handicrafts, including furniture, musical instruments, baskets, scarves, pottery, sculptures and carvings. The materials used include recycled cans, local woods and textiles, as well as products made from shea butter. The organisation tries to promote African entrepreneurship and cottage industries by ensuring that its company interactions are centred on educating the producers on modern business and export practices and sustainable product development.

The company has recently received a Shared Interest pre-financing credit facility that will facilitate further sustainable growth and development through its networks of African producers.

Leslie said: “Our relationship with Shared Interest enables our artisans to purchase raw materials and pay producers throughout the order cycle. It often takes four months for a larger order to be completed and shipped. On our side, it allows us to accept larger orders knowing that advances are available.”

**OUR RELATIONSHIP
WITH SHARED
INTEREST ENABLES
OUR ARTISANS TO
PURCHASE RAW
MATERIALS**

Photos: Some of the producers that supply Swahili Imports; Leslie Mittleberg is pictured top right

NEW LOOK AND NEW PAPER

Thank you to everyone who took the time to contact us about the recent changes to the look and feel of QR. You will notice over the coming year that we will be changing all of our printed materials to make them look cleaner, fresher and more approachable.

We have taken the opportunity to change the style and content of our materials in line with comments received from members and Ambassadors requesting more information about our lending and its social impact. At the same time we thought we would look at the paper stock used, and ensure that it met with our ethical standpoint. The paper we decided on is comparable in price but more environmentally friendly as it is made from 100% de-inked post-consumer reclaimed material.

We hope that you like our new look and if you do have any further comments please do continue to send them in.



CONTESTED ELECTIONS

The Shared Interest Council is chosen from the membership of the Shared Interest Society. The Council is made up of nine individuals, three of whom are directly elected by the membership and six who are randomly selected (and agree to stand).

At the 2012 AGM we will be holding elections for all of the three elected positions. For the first time in our history we will be holding contested elections and pitches from all four candidates can be found in the AGM brochure. One of these, Margaret Newens, is already a member of Council and is seeking re-election. Please remember that you can only vote for three of the four candidates using the enclosed proxy card.

Please contact us if you would like more information on the Council or voting process.

INVESTOR FILM

We have recently completed the edit of our new investor film. This film will be used by staff and Ambassadors at events to promote the work of Shared Interest and encourage potential new investors to sign up.

We would like to take this opportunity to say a big thank you to Christine Lloyd, Pat Wallace, Alan Humphreys and Shared Interest Chair, Kate Priestley for their roles in the film and all of their help during production.

The film will be available on the Shared Interest website soon.

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SAVE THE DATE

The next Shared Interest Members' Day and Annual General Meeting will take place on Friday 16 March at Oxford Town Hall, Oxford.

Details of the day are enclosed within this mailing. We hope to see as many of you there as possible.

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FAIRTRADE FORTNIGHT 2012

This year the Fairtrade Foundation is asking the British public to take a step for Fairtrade.

It can be a simple step, like swapping your tea to Fairtrade, or a bigger step, like asking everyone in your office to do it too. You'll be joining thousands of others all over the UK when you take a step for Fairtrade. Make it as inventive, daring, funny or messy as you like. Every step counts for millions of farmers, workers and their communities in developing countries who urgently need a better deal from trade.



Take a step in 2012 begins in Fairtrade Fortnight from 27 February – 11 March 2012.

CONTACT US

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Quarterly Return is the newsletter of Shared Interest.

Shared Interest Society Ltd is a fair trade lending organisation which is a member of Co-operatives UK. It uses the pooled investments of its members in the UK to effect real and lasting improvements to people's lives in the developing world.

Shared Interest Society Ltd is registered with the Registrar of Friendly Societies, number 27093R.

The Directors decide on what the interest amount will be, if any, after the end of the financial year when financial results for the past year are known. Since 1 December 2008 the interest rate has been 0%.

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